

Message Text

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 4121

INFO AMEMBASSY MADRID

UNCLAS LONDON 13193

E.O. 11652: N/A

TAGS: BEXP, SP

SUBJECT: PROPOSED TECHNICAL SALES SEMINAR ON ENERGY
SYSTEMS - SPAIN

REF: (A) STATE 173978 (NOTAL); (B) MADRID 5390; (C)

LONDON 10808; (D) LONDON 12306; (E) STATE 201614

1. ALTHOUGH DETAILS OF TSS PROPOSAL NOT AVAILABLE TO US,
GOULDEN SEES FOLLOWING AS MAIN CONSIDERATIONS IN APPROACH-
ING SPANISH MARKET FOR ELECTRICAL GENERATION DISTRIBUTION
EQUIPMENT:

A. SPANISH ELECTRIC POWER LOAD HAS BEEN DOUBLING EVERY
SEVEN YEARS, AND ALTHOUGH THAT GROWTH RATE HALVED BY
PRESENT ECONOMIC CLIMATE, CONSUMPTION IS STILL GROWING,
WHILE MINUS GROWTH IS FOUND IN OTHER PARTS OF EUROPE.

B. U.S. PRICES ARE COMPETITIVE IN RELATION TO OTHER
IMPORTS.

C. TWO MAJOR U.S. PRODUCERS ARE PREVALENT IN MARKET
THROUGH THEIR SPANISH SUBSIDIARIES.

D. THIRTY PERCENT TARIFF ON SUBJECT EQUIPMENT IS PAIRED
WITH LIKE TAX RATE ON COPPER (ALTHOUGH SPAIN IS COPPER
PRODUCER). AS SPAIN CONSIDERS EEC MEMBERSHIP, MEMBER-
COUNTRY PRODUCERS ARE CONSIDERING PRODUCTION IN SPAIN,
AND FRENCH ARE IN ALREADY. IF SPANISH ENTRY WERE TO BE
ACCOMPLISHED BY DECREASE IN COPPER TAX, SPANISH PRO-
DUCTION COULD BE COMPETITIVE IN EUROPEAN MARKET.

E. SPANISH MANUFACTURERS CURRENTLY ARE NOT ATTUNED TO
EUROPEAN MARKET. AGENCIES LISTED ON CATALOGS INDICATE
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FOREIGN MARKETING IS HEAVILY IN FAVOR OF SPANISH-SPEAK-

ING COUNTRIES. GOULDEN FINDS SALES AND BACK-UP STAFF IN SPANISH PRODUCERS USUALLY WEAK ON FOREIGN-LANGUAGE SIDE. SUCCESSFUL PENETRATION OF EEC MARKET WOULD BE HAMPERED BY THIS FACTOR AND GENERAL INEXPERIENCE WITH ELECTRICAL SYSTEMS TO THE NORTH.

2. GOULDEN'S COMMENTS REFLECT HIS AND OUR UNCERTAINTY AS TO MAKE-UP AND THRUST OF MISSION. SINCE REF (A) NOT RECEIVED TO DATE, WE ARE UNABLE COMMENT FURTHER AT THIS TIME.

3. IN ABSENCE RESPONSE TO REF (C), GOULDEN PLANS TO TRAVEL TO BILBAO O/A SEPTEMBER 5, AND THENCE TO MADRID. HE HAS ESTABLISHED CONTACT WITH WESTINGHOUSE IN MADRID, BUT WOULD APPRECIATE GENERAL ELECTRIC (BILBAO) INTRODUCTION. GOULDEN NORMALLY TRAVELS BY CAR, AND WOULD VISIT BARCELONA AND OTHER CITIES AS APPROPRIATE. IN INTERIM, GOULDEN WOULD WELCOME OPPORTUNITY DURING NEXT 10-12 DAYS IN LONDON TO COMMENT ON SPANISH TSS PROPOSAL IF DETAILS WERE PROVIDED.

RICHARDSON

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